CUVVADU J. WARKET 7TH DISTRICT, MASSACHUSETTS

ENERGY AND COMMERCE COMMITTEE

RANKING MEMBER SUBCOMMITTEE ON TELECOMMUNICATIONS AND THE INTERNET

SELECT COMMITTEE ON HOMELAND SECURITY

RESOURCES COMMITTEE

Congress of the United States

House of Representatives **Washington**, **DC** 20515—2107

June 19, 2003

WASHINGTON DC 20515-2107 (202) 225-2836

DISTRICT OFFICES:

5 HIGH STREET, SUITE 101 MEDFORD, MA 02155 (781),39€-2900

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The Honorable William Donaldson Chairman Securities and Exchange Commission 450 5th Street, N.W. Washington, D.C. 20545

Dear Mr. Chairman:

According to the insider securities trading information posted on Freddie Mac's website, several senior Freddie Mac executives appear to have sold significant amounts of stock of the company on June 5, 2003. This was one day after the company's outside legal counsel reportedly discovered that a senior official at the company, Mr. David Glenn, had altered or destroyed pages from a business diary that may have related to its ongoing investigation into the companies' restatement of its earnings. It was also the same day this information was reported to Freddie Mac's Board. However, it was at least four days before this information became available to the general public on June 9, 2003.

As you can see from the attached documents posted on Freddie Mac's web site. the following five Freddie Mac insiders sold 8,656 shares of stock in the company on June 5, 2003, for a total of \$520,315.88, as follows:

- David W. Glenn, Vice Chairman and President, sold 4,228 shares at a price of \$60.53 per share, for a total of \$255,920.84;
- Melvin M. Kann, Senior Vice President and General Auditor, sold 509 shares at a price of \$60.53 per share, for a total of \$30,809.77;
- Maud Mater, Executive Vice President, General Counsel, and Secretary, sold 619 shares at a price of \$60.53 per share, for a total of \$37,468.07;
- William I. Ledman, Senior Vice President, Information Systems and Services, sold 2,699 shares at a price of \$60.53 per share, for a total of \$163,370.47; and,
- Paul T. Peterson, Executive Vice President-Single Family, sold 541 shares at a price of \$60.53 per share, for a total of \$32,746.73.

While there may be a perfectly innocent explanation for these insider stock sales, such as a pre-arranged 10b5-1 selling plan, the fact that they occurred at a time when these company insiders were likely to have been in possession of material non-public information -- information whose disclosure could reasonably be expected to have a

material adverse impact on Freddie Mac's stock price -- raises very serious questions regarding whether possibly illegal insider trading may have occurred. We are aware that the Commission has already begun to investigate questions relating to recent events at Freddie Mac, and we wanted to bring your attention to these stock sales and ask whether the Commission intends to fully examine the facts and circumstances relating to these sales.

We also note that because Freddie Mac is exempt from having to register its securities with the SEC, its' insiders exempt from Section 16 of the Securities Exchange Act of 1934, which regulates certain insider stock transactions. The SEC staff confirmed that Freddie Mac was exempt from this provision in a "No Action" letter issued on July 12, 2002. At that time, the SEC staff confirmed that it agreed with Freddie Mac's view that despite the company's decision to voluntarily register its equity securities, that "Section 16 of the Exchange Act is inapplicable to Freddie Mac's officers, directors and shareholders" (see http://www.sec.gov/divisions/corpfin/cfnoaction/freddiemac071202.htm). We would hereby request that the SEC explain the legal effect of Freddie Mac's exemption from Section 16 of the Exchange Act. For example, if these insider sales had been short swing transactions (i.e., sales within 6 months) or short sales, wouldn't they be exempt from the restrictions on such sales contained in Section 16, restrictions which apply to every other public company in America? Does the Commission believe that the public interest and protection of investors would be better served if Freddie Mac's (as well as Fannie Mae's) insiders were fully subject to this and other requirements of the federal securities laws - which, as you have previously stated, represent the "gold standard" of disclosure in this country?

Thank you for your attention to this serious matter. We look forward to your response.

Sincerely,

of Congress

Edward J. Markey Member of Congress

Enclosures

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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☐ Check box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue.

				2. Issuer Name and Ticker or Trading Symbol									
1. Name and Add					Name ar lie Mac (F		or Trading	Symbol		6.	Relationship of Re	porting Person to I Theck all applicabl	
Mater	Maud										Director		Other (Specify
(Last)	(First)	(Mi	ddle)	Numb	dentifications of Rep	orting	4. State	ment For			✓ Officer (g	ive title	below)
Federal Home	Loan Mortgage	e Corpoi	ration		n, if an Ei	ntity					EVD Con	anal Carmaal Pr	Caaratam
8200 Jones Bra	0 0			(Volu	intary)						EVF, Gen	eral Counsel &	Secretary
OZOO SONES DIA	(Street)			1	NI/A		In	ne 5, 200	3				
	(2000)				N/A			nendment,		7.	Individual or joint/	Group Filing	
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	(City) (State) (Zip)									'		ne Reporting Personore than one Repo	
(City)												iore than one Kept	orting reison
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1. Title of Security	у		2. Tran		3. Trans			es Acquire	d (A) or		5. Amount of	6. Ownership	7. Nature of
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			(Month/Day/				Amount	(A) or	Price		Owned After the	Indirect (I)	Ownership
				Year)	Code	V		(D)			Transaction		
FRE-Common	Stock		06/0	5/2003	F		619	D	\$60.53	3	101,563	D	
							-						
										-			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

(Print or Type Response)

(Over)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1.Title of Derivative Security	2. Conversion or Exercise Price of Derivative Security	3. Trans- action Date (Month/ Day/ Year)	4. Trans action Code	1	5. Number of Derivative Securities Acquired (A) or Disposed of (D)		6. Date Exercisable and Expiration Date (Month/Day/Year) Date Exercisable Expiration Date		Underly Securiti	7. Title and Amount of Underlying Securities Amount or Number of		9. Number of Derivative Securities Beneficially Owned After the	10.Owner- ship Form of De- rivative Secur- ity: Direct (D) or Indi-	11. Na- ture of Indirect Bene- ficial Owner- ship
			Code	V	(A)	(D)		tion Date	Title	Number of Shares		Transac- tion	rect (1)	

											I			
Explanation of Responses: /s/ Bancroft Gordon as attorney-in-fact													fact for	
	,								May		06/	/09/2003		
									5	Signature of F	Reporting P	erson		Date

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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Check box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue.

Name and Address	s of Reporting Per	rson		r Name ar lie Mac (F		or Trading	Symbol		6. Relationship of Re	porting Person to I Theck all applicabl	
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(Last)	(First)	(Middle)	3. IRS I	dentificat	ion	4. State	ment For		Director Officer (g	ive title	Other (Specify below)
		, ,		ber of Rep						elow)	ociow)
Federal Home Loa	n Mortgage Co	orporation		n, if an E	ntity				SVP-Inform	nation Systems	& Services
8200 Jones Branch	Drive		(Volu	ıntary)					S YI-IIIOIII	iation systems	& Services
	(Street)		7	N/A		Ju	ne 5, 200	3			
				14/11			nendment,	Date	7. Individual or joint/		
						of O	riginal		(Check applicable)	line)	
McLean	VA	22102								ne Reporting Perso	
(City)	(State)	(Zip)							Form filed by m	ore than one Repo	orting Person
		Table 1 -	Non Deriv	ative Sec	curities A	Acquired, D	isposed of	eficially Owned			
1. Title of Security		2. Tra	nsaction	3. Trans			es Acquire	d (A) or	5. Amount of	6. Ownership	7. Nature of
		Dat	e	Code		Dispose	ed of (D)		Securities	Form:	Indirect
		(M	onth/Day/						Beneficially Owned After the	Direct (D) or Indirect (I)	Beneficial Ownership
		(141)	(Month/Day/ Year)			Amount	(A) or	Price	Transaction	maneet (1)	Ownership
			,	Code	V		(D)		Transaction		
FRE-Common Sto	ck	06/	05/2003	F	-	2,699	D	\$60.53	49,388	D	
TRE-Common 5to	CK	00/	3312003	1		2,099		\$00.53	49,366	<u> </u>	

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1.Title of Derivative Security	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/ Day/ Year)	4. Trans action Code	n	5. Number Derivat Securiti quired (Dispose (D)	ive es Ac- A) or	6. Date Exercisable and Expiration Date (Month/Day/Year)	Expira-	7. Title ar Underl Securiti	es	8. Price of Deriv- ative Secur- ity	9. Number of Derivative Securities Beneficially Owned After	10.Owner- ship Form of De- rivative Secur- ity: Direct (D) or	11. Na- ture of Indirect Bene- ficial Owner- ship
			Code	V	(A)	(D)	Date Exercisable	tion Date	Title	Amount or Number of Shares		the Transac- tion	Indi- rect (I)	
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Explanation of R	Responses:								/s/ B	ancroft Go	rdon as at	torney-in-	fact for	

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1						/ / 1	2 6				
planation of Re	esponses:					/s/ B	ancroft Go	rdon as a	ttorney-in-	fact for	
						Will	iam I. Ledi	nan		06/	09/2003
						S	Signature of R	eporting P	erson		Date .

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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Check box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue.

	Name and Address of Reporting Person 2. Issuer Name and Ticker or Trading Symbol 6. Relationship of Reporting Person to Issuer												
Name and Addr	ress of Reporting	Person			Name an ie Mac (F		or Trading	Symbol			porting Person to I Theck all applicabl		
Peterson	Paul	-	Γ							Director		Other (Specify	
(Last)	(First)	(Mic	ddle)		dentificati per of Rep		4. State	ment For		Officer (g		below)	
Federal Home L 8200 Jones Bran	0.0	e Corpor	ation	Perso	n, if an Ei ntary)		In	ne 5, 200	3		elow) President - Sin	gle Family	
	(Sifeet)				N/A			nendment,		7. Individual or joint/	Group Filing		
								-	Date				
							of O	riginal		(Check applicable l	ine)		
McLean	McLean VA 22102									Form filed by or	ne Reporting Perso	on	
	(City) (State) (Zip)									Form filed by m	ore than one Repo	orting Person	
				Non Deriv	ative Sec	urities A	Acquired, D	isposed of	, or Ben	eficially Owned			
1. Title of Security 2. T				saction	3. Trans Code			es Acquire ed of (D)	d (A) or	5. Amount of Securities Beneficially Owned After the	6. Ownership Form: Direct (D) or	7. Nature of Indirect Beneficial Ownership	
			`	nth/Day/ Year)	Code	V	Amount	(A) or (D)	Price	Transaction	Indirect (I)	Ownership	
FRE-Common S	Stock		06/0	5/2003	F		541	D	\$60.53	47,281	D		

Table II – Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1.Title of Derivative Security	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/ Day/ Year)	4. Trans action Code	1	5. Number Derivati Securiti quired (A Dispose (D)	ve es Ac- A) or	6. Date Exercisable and Expiration Date (Month/Day/Year) Date Exercisable Expiration Date		Underly Securiti	7. Title and Amount of Underlying Securities Amount or Number of		9. Number of Derivative Securities Beneficially Owned After the	10.Owner- ship Form of De- rivative Secur- ity: Direct (D) or Indi-	11. Nature of Indirect Beneficial Ownership
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Explanation of Re	esponses:		 	•	/s/ I	Bancroft Go	ordon as a	ttorney-in	-fact for Pa	aul
					T. P	eterson			06	/09/2003
					:	Signature of R	Reporting P	erson		Date ·

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1.Title of Derivative Security	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/ Day/ Year)	4. Trans action Code	1	5. Number Derivati Securiti quired (, Dispose (D)	ve es Ac- A) or	6. Date Exercisable and Expiration Date (Month/Day/Year)	Expira- tion Date	7. Title and Amount of Underlying Securities Amount or		8. Price of Deriv- ative Secur- ity	9. Number of Derivative Securities Beneficially Owned After	10.Owner-ship Form of De- rivative Secur- ity: Direct (D) or Indi-	11. Na- ture of Indirect Bene- ficial Owner- ship
		Code	Code	V	(A)	(D)		tion bate	Title	Number of Shares		Transac- tion	rect (I)	

														I .
Explanation of Re	explanation of Responses: /s/ Bancroft Gordon as attorney-in-fact for													
									Melvin M. Kann					/09/2003
									Signature of Reporting Person					

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

FORM 4

☐ Check box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue.

1. Name and Addr		2. Issue	r Name aı	nd Ticker	or Trading	Symbol		6. Relationship of Reporting Person to Issuer									
				Fredo	die Mac (I	FRE)					Check all applicab						
Kann	Melvin		M							Director		Other (Specify					
(Last)	(First)	(Mi	ddle)		dentificat		4. State	ement For		Officer (g	ive title	Other (Specify below)					
					ber of Rep					below)							
Federal Home L		on, if an E	ntity														
8200 Jones Brar				(Volu	ıntary)					SVP and General Auditor							
	(Street)				N/A			ne 5, 200									
								nendment,	Date	7. Individual or joint/Group Filing							
							of Original			(Check applicable line)							
McLean	VA	2210)2						1	Form filed by one Reporting Person							
(City)	(State)	(Zip)							Form filed by more than one Reporting Person							
Table 1 - Non Derivative Securities Acquired, Disposed of, or Beneficially Owned																	
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)	Year)	Code	l v l	Amount	(D)	Price	Transaction							
								(-)									
FRE-Common S	tock		06/05	5/2003	F		509	D	\$60.53	17,685	D						
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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1.Title of Derivative Security	ve sion or action action Derivati				ive es Ac- A) or	6. Date Exercisable and Expiration Date (Month/Day/Year)	Underly Securiti	Amount or	8. Price of Deriv- ative Secur- ity	9. Number of Derivative Securities Beneficially Owned After	10.Owner-ship Form of De- rivative Secur- ity: Direct (D) or	11. Na- ture of Indirect Bene- ficial Owner- ship		
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Explanation of Re	Explanation of Responses: /s/ Bancroft Gordon as attorney-in-fact for													
								David W. Glenn						/09/2003
									Signature of Reporting Person					Date

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

FORM 4

Check box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue.

1 Name and Adda		D		T													
1. Name and Addr	ess of Reporting	Person		2. Issue	r Name a	nd Ticker	r or Trading	g Symbol		6. Relationship of Reporting Person to Issuer							
Glenn	David	,	117	riedo	die Mac (l	rke)					Check all applicab	le)					
(Last)	(First)		W. iddle)	2 IDC 1	d4: C4		T 4 2: :			Director		Other (Specify					
(Edst)	(PHSt)	(1711)	iddie)		dentificat ber of Re		4. State	ement For		Officer (g	give title	below)					
Federal Homa L	Perso	on, if an E	porung ntity				b	elow)									
Federal Home L		intary)	antity				Vice Chairman & President										
8200 Jones Bran	()	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,															
			N/A			ine 5, 200											
						mendment,	Date	7. Individual or joint/									
							of C	riginal		(Check applicable	line)						
McLean	VA	2210								on							
(City)	(State)	(Zip)						Form filed by one Reporting Person Form filed by more than one Reporting Person								
Table 1 - Non Derivative Securities Acquired, Disposed of, or Beneficially Owned																	
1. Title of Security	1. Title of Security 2. Tran						_	ies Acquire		5. Amount of	6. Ownership	7. Nature of					
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										Beneficially	Direct (D) or	Beneficial					
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				Year)		v	- mount	(D)		Transaction							
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FRE-Common S	tock		06/05	5/2003	F		4,228	D	\$60.53	255,566	D						
		-															